

EDUCATED FINANCIAL CHOICES...

...start with you!



EDUCATION FINANCE COUNCIL

GO TO WWW.EFC.ORG FOR MORE INFORMATION

Federal Loan Limits

There is a limit on the amount you can borrow under the Federal student loan programs. The specific amount you may be eligible to borrow depends on numerous factors, including the loan program you are borrowing under.

Loans sponsored by the Federal Government include:

- **Stafford Loans** help undergraduate, graduate and professional students to pay their college costs and come in two forms:
 - **subsidized** Stafford loans, need-based loans in which the Federal Government pays the interest on the loans while the student is in school, and
 - **unsubsidized** Stafford loans, non-need-based loans in which the Government *does not* pay interest while the student is in school.
- **PLUS Loans** are available to parents to help pay for the education expenses of a child who is a dependent undergraduate student enrolled at least half time.
- **PLUS Loans** are available to graduate and professional students. Called **GRAD PLUS Loans**, these loans are available to graduate and professional students who have exhausted their annual maximum loan eligibility under the subsidized and unsubsidized Stafford Loan Program.
- **Perkins Loans** are low-interest loans (a fixed rate of 5 percent) available at *some* institutions to undergraduate, graduate and professional students who demonstrate financial need and are enrolled part- or full-time. Institutions participating in the Perkins Loan program receive a limited amount of Perkins funds each year from the Federal Government and consequently once available funds have been distributed during the current award year, *no more Perkins Loans can be awarded*. Be sure to submit your FAFSA early so you can be considered for these loans.

To start the process of applying for Federal, as well as most State and institutional financial aid, you need to fill out the [Free Application for Federal Student Aid \(FAFSA\)](#). Applying is free and you can begin applying for financial aid through the FAFSA form starting your senior year in high school on January 1st and through June 30th of the following calendar year.

Apply as soon as possible after January 1st so that you meet all school and State financial aid deadlines. Also, be sure to ask your institution's financial aid officer if there are any forms that your institution may require you to fill out in addition to the FAFSA.

Federal Loan Limits

In addition to scholarships, grants and other types of aid available through your institution, you may be eligible to receive a mixture of Federal loans in your financial aid package. Your financial aid offer will be assembled by your institution, based on information submitted in the FAFSA. The amount you borrow cannot exceed the cost of attendance at your institution, or the annual or aggregate loan limits established by the Federal Government.

Perkins Loans are borrowed from the institution you attend and, given eligibility, allow you to borrow up to:

- \$4,000 per academic year as an undergraduate (and a maximum of \$20,000 as an undergraduate) or \$6,000 a year as a graduate or professional student (and a maximum of \$40,000 as a graduate or professional student).

In addition to Perkins Loans, each award year you may be eligible to receive **subsidized and unsubsidized loans** for the same enrollment period. For the 2007-2008 academic year, Federal loan limits for Stafford Loans are as follows:

Dependent undergraduates, each academic year, given eligibility, can borrow up to:

- If you're a first-year student enrolled in a program of study that is at least a full academic year, you may borrow \$3,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$2,000 in unsubsidized loans.
- If you've completed your first year of study and the remainder of your program is at least a full academic year, you may borrow up to \$4,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$2,000 in unsubsidized loans.
- If you've completed two years of study and the remainder of your program is at least a full academic year, you may borrow up to \$5,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$2,000 in unsubsidized loans.
- A maximum total of \$31,000.

Independent undergraduates (or dependent students whose parents have applied but were unable to get a PLUS Loan), each year, given eligibility, can borrow up to:

- If you're a first-year student enrolled in a program of study that is at least a full academic year, you may borrow \$3,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$6,000 in unsubsidized loans.
- If you've completed your first year of study and the remainder of your program is at least a full academic year, you may borrow up to \$4,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$6,000 in unsubsidized loans.

- If you've completed two years of study and the remainder of your program is at least a full academic year, you may borrow up to \$5,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$7,000 in unsubsidized loans.
- A maximum total of \$57,500 (no more than \$23,000 of this amount may be in subsidized loans).

Graduate/professional degree students, each year, given eligibility, can borrow up to:

- If you're a graduate or professional student, you may borrow up to \$8,500 in either subsidized or unsubsidized loans (this portion of your loan is sometimes called the "base amount"). You may be eligible to borrow up to an additional \$12,000 in unsubsidized loans.
- As a graduate or professional student, the maximum total debt allowed from Stafford Loans is \$138,500 (no more than \$65,500 of this total amount may be in subsidized loans). This total includes any Stafford Loans you received for undergraduate study.
- To calculate the amount of unsubsidized loan for which you are eligible, subtract from your cost of attendance any Federal Pell Grant, subsidized Stafford loans and other financial aid (such as Perkins Loans, scholarships or outside aid) that you are eligible to receive. This total represents the amount you are eligible to receive, up to the annual maximum loan amount.

Contact your school's financial aid office or a [nonprofit student loan provider near you](#) for more information. Also, consider visiting EFC's Financial Literacy online homepage at www.efc.org/finlit for additional information and tools that will help you make good financial decisions along your path through college.